



Midwest Health Plan, Inc.

(313)581-8699
(Fax Number)

OFFICERS

<u>Name</u>	<u>Title</u>
Mark Saffer DPM	President
Jack Shapiro MD	Secretary
Robert Rubin DPM	Treasurer

OTHERS

Allen A. Kessler CPA

DIRECTORS OR TRUSTEES

Jack Shapiro MD
Robert Rubin DPM
Myra Gamble

State of Michigan
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)
Mark Saffer

 (Printed Name)
 1.
President

 (Title)

(Signature)
 Jack Shapiro

 (Printed Name)
 2.
 Secretary

 (Title)

(Signature)
Robert Rubin
(Printed Name)
3.
Treasurer
(Title)

Subscribed and sworn to before me this
day of _____, 2010

a. Is this an original filing?
b. If no, 1. State the amendment number
2. Date filed
3. Number of pages attached

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	1,012,209		1,012,209	1,031,064
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....24,969,754 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....43,066,684 Schedule DA)	68,036,438		68,036,438	60,662,404
6.	Contract loans (including \$.....0 premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	69,048,648		69,048,648	61,693,468
11.	Title plants less \$.....0 charged off (for Title insurers only)				
12.	Investment income due and accrued	6,097		6,097	152,254
13.	Premiums and considerations:				
13.1	Uncollected premiums and agents' balances in the course of collection	2,215,757		2,215,757	
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
13.3	Accrued retrospective premiums				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers	124,637		124,637	64,287
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				98,000
16.2	Net deferred tax asset	409,000	409,000		
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software	325,492	325,492		
19.	Furniture and equipment, including health care delivery assets (\$.....0)	87,771	87,771		
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates				
22.	Health care (\$.....489,393) and other amounts receivable	489,393		489,393	780,605
23.	Aggregate write-ins for other than invested assets				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	72,706,796	822,263	71,884,532	62,788,614
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	72,706,796	822,263	71,884,532	62,788,614
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Prepaid Asset				
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....125,363 reinsurance ceded)	21,408,857		21,408,857	19,465,115
2.	Accrued medical incentive pool and bonus amounts	1,336,508		1,336,508	1,322,317
3.	Unpaid claims adjustment expenses	655,327		655,327	689,105
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	1,739,180		1,739,180	1,486,358
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	707,000		707,000	
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	48,486		48,486	111,024
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans				
21.	Aggregate write-ins for other liabilities (including \$.....0 current)				912,018
22.	TOTAL Liabilities (Lines 1 to 21)	25,895,358		25,895,358	23,985,937
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	186,230	186,230
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	33,770	33,770
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	45,769,174	38,582,677
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	TOTAL Capital and Surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	45,989,174	38,802,677
32.	TOTAL Liabilities, Capital and Surplus (Lines 22 and 31)	X X X	X X X	71,884,532	62,788,614
DETAILS OF WRITE-INS					
2101.	MDCH QA Assessment Fee				912,018
2102.	.....			
2103.	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				912,018
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	802,338	774,121
2.	Net premium income (including \$.....0 non-health premium income)	X X X	227,019,651	200,503,827
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(3,634,983)	(10,884,500)
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	223,384,669	189,619,327
Hospital and Medical:				
9.	Hospital/medical benefits		132,578,368	121,611,544
10.	Other professional services		11,399,859	9,556,207
11.	Outside referrals		1,680,093	1,498,356
12.	Emergency room and out-of-area		13,856,256	12,074,829
13.	Prescription drugs		24,360,875	21,228,455
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		2,827,416	1,357,858
16.	Subtotal (Lines 9 to 15)		186,702,867	167,327,248
Less:				
17.	Net reinsurance recoveries		212,090	190,369
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		186,490,777	167,136,879
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses		2,827,028	2,957,354
21.	General administrative expenses		23,223,159	12,794,307
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		212,540,965	182,888,540
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	10,843,704	6,730,787
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		116,693	1,356,439
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			
27.	Net investment gains (losses) (Lines 25 plus 26)		116,693	1,356,439
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	10,960,397	8,087,225
31.	Federal and foreign income taxes incurred	X X X	3,900,000	2,863,000
32.	Net income (loss) (Lines 30 minus 31)	X X X	7,060,397	5,224,225
DETAILS OF WRITE-INS				
0601.	Revenue - Other	X X X	205,116	148,241
0602.	MDCH QA Assessment Fee	X X X	(3,022,525)	(10,744,825)
0603.	Child & Adolescent Health Center Fee	X X X	(1,057,574)	(787,916)
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X	240,000	500,000
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(3,634,983)	(10,884,500)
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	.....		
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	38,802,677	33,856,926
34.	Net income or (loss) from Line 32	7,060,397	5,224,225
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	126,100	(278,474)
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	7,186,497	4,945,751
49.	Capital and surplus end of reporting year (Line 33 plus 48)	45,989,174	38,802,677
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	224,803,894	200,503,827
2.	Net investment income	286,187	1,511,784
3.	Miscellaneous income	(3,634,983)	(10,884,500)
4.	Total (Lines 1 through 3)	221,455,099	191,131,111
5.	Benefit and loss related payments	184,593,194	164,558,501
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	25,661,051	14,606,629
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	3,050,000	2,850,000
10.	Total (Lines 5 through 9)	213,304,245	182,015,130
11.	Net cash from operations (Line 4 minus Line 10)	8,150,854	9,115,981
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	1,010,000	1,010,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,010,000	1,010,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	1,014,483	1,035,277
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	1,014,483	1,035,277
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(4,483)	(25,277)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(772,336)	(769,413)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(772,336)	(769,413)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	7,374,034	8,321,291
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	60,662,404	52,341,113
19.2	End of year (Line 18 plus Line 19.1)	68,036,438	60,662,404

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	227,019,651						4,497,195	222,522,456		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues	(3,634,983)							(3,634,983)		X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	223,384,669						4,497,195	218,887,473		
8.	Hospital/medical benefits	132,578,368						1,808,876	130,769,493		X X X
9.	Other professional services	11,399,859						347,619	11,052,240		X X X
10.	Outside referrals	1,680,093						21,922	1,658,171		X X X
11.	Emergency room and out-of-area	13,856,256						207,771	13,648,485		X X X
12.	Prescription drugs	24,360,875						1,198,635	23,162,240		X X X
13.	Aggregate write-ins for other hospital and medical										X X X
14.	Incentive pool, withhold adjustments and bonus amounts	2,827,416							2,827,416		X X X
15.	Subtotal (Lines 8 to 14)	186,702,867						3,584,823	183,118,044		X X X
16.	Net reinsurance recoveries	212,090							212,090		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	186,490,777						3,584,823	182,905,954		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.0 cost containment expenses	2,827,028						189,538	2,637,490		
20.	General administrative expenses	23,223,159						863,452	22,359,707		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	212,540,965						4,637,814	207,903,151		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	10,843,704						(140,619)	10,984,322		
DETAILS OF WRITE-INS											
0501.	Revenue - Other	205,116							205,116		X X X
0502.	MDCH QA Assessment Fee	(3,022,525)							(3,022,525)		X X X
0503.	Child & Adolescent Health Center Fee	(1,057,574)							(1,057,574)		X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page	240,000							240,000		X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(3,634,983)							(3,634,983)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Unpaid Claims Adjustment Expense										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare	4,507,145	.....	9,950	4,497,195
7.	Title XIX - Medicaid	223,068,485	.....	546,029	222,522,456
8.	Other health .....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 through 8)	227,575,630	.....	555,979	227,019,651
10.	Life .....	.....	.....	.....	.....
11.	Property/casualty .....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	227,575,630	.....	555,979	227,019,651

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	181,515,135						3,508,684	178,006,451		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	26,378							26,378		
1.4 Net	181,488,757						3,508,684	177,980,073		
2. Paid medical incentive pools and bonuses	2,813,225							2,813,225		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	21,534,220						637,364	20,896,857		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded	125,363							125,363		
3.4 Net	21,408,857						637,364	20,771,494		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	1,336,508							1,336,508		
6. Net healthcare receivables (a)	(291,211)						4,019	(295,231)		
7. Amounts recoverable from reinsurers December 31, current year ..	124,637							124,637		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	19,465,115						557,206	18,907,910		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	19,465,115						557,206	18,907,910		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	1,322,317							1,322,317		
11. Amounts recoverable from reinsurers December 31, prior year	64,287							64,287		
12. Incurred benefits:										
12.1 Direct	183,875,451						3,584,823	180,290,628		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	212,090							212,090		
12.4 Net	183,663,361						3,584,823	180,078,538		
13. Incurred medical incentive pools and bonuses	2,827,416							2,827,416		

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	8,487,884						58,220	8,429,664		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	125,363							125,363		
1.4 Net	8,362,521						58,220	8,304,301		
2. Incurred but Unreported:										
2.1 Direct	13,046,337						579,144	12,467,193		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	13,046,337						579,144	12,467,193		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	21,534,220						637,364	20,896,857		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded	125,363							125,363		
4.4 Net	21,408,857						637,364	20,771,494		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare	350,476	3,154,189	21,730	615,634	372,206	557,206
7.	Title XIX - Medicaid	14,229,385	163,694,357	204,908	20,566,585	14,434,293	18,907,910
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	14,579,861	166,848,547	226,638	21,182,219	14,806,499	19,465,115
10.	Healthcare receivables (a) .....	.....	489,393	.....	.....	.....	780,605
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts	1,094,199	1,719,026	.....	1,336,508	1,094,199	1,322,317
13.	TOTALS (Lines 9 - 10 + 11 + 12)	15,674,060	168,078,180	226,638	22,518,726	15,900,698	20,006,827

(a) Excludes \$......0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	230,035	229,664	229,665	229,666	229,666
2.	2005	92,371	103,720	103,667	103,640	103,637
3.	2006	X X X	94,592	104,916	104,885	104,869
4.	2007	X X X	X X X	132,423	149,778	149,829
5.	2008	X X X	X X X	X X X	147,403	161,950
6.	2009	X X X	X X X	X X X	X X X	167,209

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	11,727	10,358	10,361	10,360	229,666
2.	2005	106,248	104,154	103,667	103,640	103,637
3.	2006	X X X	107,475	104,916	104,885	104,869
4.	2007	X X X	X X X	151,029	150,122	149,829
5.	2008	X X X	X X X	X X X	167,846	162,176
6.	2009	X X X	X X X	X X X	X X X	189,728

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2005	124,927	103,637			103,637	82.958			103,637	82.958
2.	2006	128,668	104,869			104,869	81.504			104,869	81.504
3.	2007	176,195	149,829			149,829	85.036			149,829	85.036
4.	2008	200,504	161,950			161,950	80.771	227		162,176	80.884
5.	2009	227,020	167,209			167,209	73.654	22,519	655	190,383	83.862

12 Total

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X	662	1,057	1,055	1,055
4.	2007	X X X	X X X	1,264	1,489	1,491
5.	2008	X X X	X X X	X X X	2,492	2,841
6.	2009	X X X	X X X	X X X	X X X	3,158

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X	1,774	1,057	1,055	1,055
4.	2007	X X X	X X X	2,261	1,522	1,491
5.	2008	X X X	X X X	X X X	3,017	2,862
6.	2009	X X X	X X X	X X X	X X X	3,774

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2005										
2.	2006	1,446	1,055			1,055	72.974			1,055	72.974
3.	2007	2,387	1,491			1,491	62.469			1,491	62.469
4.	2008	3,455	2,841			2,841	82.213	22		2,862	82.841
5.	2009	4,497	3,158			3,158	70.226	616		3,774	83.915

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	230,035	229,664	229,665	229,666	229,666
2.	2005	92,371	103,720	103,667	103,640	103,637
3.	2006	X X X	93,930	103,858	103,830	103,814
4.	2007	X X X	X X X	131,160	148,289	148,338
5.	2008	X X X	X X X	X X X	144,911	159,109
6.	2009	X X X	X X X	X X X	X X X	164,051

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	11,727	10,358	10,361	10,360	229,666
2.	2005	106,248	104,154	103,667	103,640	103,637
3.	2006	X X X	105,701	103,858	103,830	103,814
4.	2007	X X X	X X X	148,768	148,601	148,338
5.	2008	X X X	X X X	X X X	164,829	159,314
6.	2009	X X X	X X X	X X X	X X X	185,954

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2005	124,927	103,637			103,637	82.958			103,637	82.958
2.	2006	127,223	103,814			103,814	81.601			103,814	81.601
3.	2007	173,809	148,338			148,338	85.346			148,338	85.346
4.	2008	197,049	159,109			159,109	80.746	205		159,314	80.850
5.	2009	222,522	164,051			164,051	73.723	21,903	655	186,609	83.861

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)		305,988	1,022,565		1,328,553
2.	Salaries, wages and other benefits		1,742,000	4,864,655		6,606,655
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4.	Legal fees and expenses		20,000	66,823		86,823
5.	Certifications and accreditation fees			248,617		248,617
6.	Auditing, actuarial and other consulting services		105,000	525,725		630,725
7.	Traveling expenses			215,613		215,613
8.	Marketing and advertising		20,000	273,387		293,387
9.	Postage, express and telephone		115,000	220,605		335,605
10.	Printing and office supplies		50,000	271,459		321,459
11.	Occupancy, depreciation and amortization			44,988		44,988
12.	Equipment					
13.	Cost or depreciation of EDP equipment and software		230,000	597,966		827,966
14.	Outsourced services including EDP, claims, and other services			1,384,977		1,384,977
15.	Boards, bureaus and association fees					
16.	Insurance, except on real estate		30,000	60,777		90,777
17.	Collection and bank service charges			32,796		32,796
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			3,164,983		3,164,983
23.2	State premium taxes			10,088,834		10,088,834
23.3	Regulator authority licenses and fees			8,413		8,413
23.4	Payroll taxes		209,040	129,976		339,016
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	TOTAL Expenses Incurred (Lines 1 to 25)		2,827,028	23,223,159		(a) 26,050,188
27.	Less expenses unpaid December 31, current year			1,739,180		1,739,180
28.	Add expenses unpaid December 31, prior year			1,486,358		1,486,358
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)		2,827,028	22,970,338		25,797,366
DETAILS OF WRITE-INS						
2501.	0					
2502.	0					
2503.	0					
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 37,550	..... 10,610
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d).....	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)..... 240,454	..... 106,083
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income .....	..... 278,004	..... 116,693
11.	Investment expenses	(g).....	
12.	Investment taxes, licenses and fees, excluding federal income taxes	(g).....	
13.	Interest expense	(h).....	
14.	Depreciation on real estate and other invested assets	(i).....	
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16) .....	..... 116,693	
DETAILS OF WRITE-INS			
0901.	.....	
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		
(a) Includes \$.....0 accrual of discount less \$.....23,338 amortization of premium and less \$.....6,563 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Title plants (for Title insurers only)			
12.	Invested income due and accrued			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3	Accrued retrospective premiums			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers			
14.2	Funds held by or deposited with reinsured companies			
14.3	Other amounts receivable under reinsurance contracts			
15.	Amounts receivable relating to uninsured plans			
16.1	Current federal and foreign income tax recoverable and interest thereon			
16.2	Net deferred tax asset	409,000	454,000	45,000
17.	Guaranty funds receivable or on deposit			
18.	Electronic data processing equipment and software	325,492	361,603	36,112
19.	Furniture and equipment, including health care delivery assets	87,771	132,760	44,988
20.	Net adjustment in assets and liabilities due to foreign exchange rates			
21.	Receivables from parent, subsidiaries and affiliates			
22.	Health care and other amounts receivable			
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	822,263	948,363	126,100
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	822,263	948,363	126,100
DETAILS OF WRITE-INS				
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301.	.....		
2302.	.....		
2303.	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6 Current Year Member Months
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1.	Health Maintenance Organizations	64,542	65,736	66,297	67,204	69,642	802,338
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	64,542	65,736	66,297	67,204	69,642	802,338
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements have been prepared in accordance with the NAIC Accounting Practices and Procedures Manual and the basis of accounting practices generally prescribed or permitted by the State of Michigan Division of Insurance (statutory basis). Financial statements prepared on the statutory basis vary in some respects from those prepared in accordance with accounting principles generally accepted in the United States of America.

The significant accounting principles, as outlined above, were followed in the preparation of the statutory basis financial statements. Had the financial statements been prepared in accordance with the accounting principles generally accepted in the United States of America, the following differences would have been noted:

- Electronic data processing equipment & software and Furnitures and fixtures would be capitalized at cost and depreciated over the estimated useful lives of the assets.
- Deferred income taxes would be provided for temporary differences between taxes currently payable and taxes based upon financial income.

B. Use of Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and (2) revenues and expenses during the reporting period. A significant item subject to such estimates includes the accrual for hospitalization and other external providers. Actual results could differ from those estimates.

C. Accounting Policy

1. Short –term investments are stated at amortized cost. Cash Equivalents have been accounted for in accordance with SSAP No. 2. All highly liquid investments with original maturities of three months or less are classified as cash equivalents.
2. Bonds - As a condition of licensure with the State of Michigan, the Plan is required to maintain a minimum deposit of \$1,000,000 in a segregated and restricted account. These funds can only be used by the Plan at the direction of the Commissioner. The deposited amounts are invested in a U.S. Treasury Note and stated at amortized cost.
3. Common Stocks – Not applicable
4. Preferred Stocks – Not applicable
5. Mortgage Loans – Not applicable
6. Loan –backed securities – Not applicable
7. Investments in Subsidiaries, controlled and affiliated companies – Not applicable
8. Investments in Joint Ventures, partnerships and limited liability companies – Not applicable
9. Derivatives – Not applicable
10. The Company was not required to record a premium deficiency reserve at December 31, 2009.
11. The Plan accrues the cost of hospitalization and other external provider expenses in the period in which they are provided based in part on estimates, including an estimate for claims incurred but not reported to the Plan (IBNR). These estimates are reviewed and opined upon by an Actuarial firm, Milliman. The Plan's contracts with providers require specified withholdings from capitation payments to create a pool for risk sharing based on membership. This pool is used to cover incurred expenses, excluding inpatient, in the event of over-utilization of medical services. Amounts withheld by the Plan for each Provider with 250 or more Members will be held in a separate Referral Services Fund. Six months after the end of each calendar year, an accounting of actual and accrued expenses properly chargeable to the Referral Services Fund will be done by the Plan to determine the amount of any surplus or deficit in the Provider's Referral Services Fund. Any surplus will be paid 75% to the Provider, up to a maximum of two month's capitation, and 25% to the Plan and any deficit will be allocated 25% to the Provider, up to a maximum of two month's capitation and 75% to the Plan.
12. Capitalization policy – no change in threshold. Improvements and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using both the straight-line and accelerated methods. All fixed assets are Non-admitted assets.
13. Pharmaceutical/Rebates Receivable – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable.
14. The Plan operates under two capitated Medicaid contracts with the Michigan Department of Community Health (MDCH). In addition, the Plan has a contract with the Centers for Medicare and Medicaid Services (CMS) for Medicare beneficiaries. For the years ended December 31, 2009 and 2008, these contracts provided the majority of the Plan's operating revenues. Revenue is recognized during the month in which coverage for enrolled members is in effect. Amounts receivable or payable as a result of the contract reconciliation process are recorded in the year known or a reasonable estimate is determinable.

2. Accounting Change and Correction of Errors

None.

Notes to Financial Statements

3. Business Combination and Goodwill

None

4. Discontinued Operations

None.

5. Investments

A. Mortgage Loans – None

B. Debt Restructuring – None

C. Reverse Mortgages – None

D. Loan-Backed Securities– None

E. Repurchase Agreements – None

F. Real Estate – None

G. Investment in Low-Income Housing Tax Credits – None

Midwest Health Plan has the following investments:

- In compliance with the Michigan Insurance Code, the Plan maintains a deposit in trust. The Plan has determined that this investment will be held to maturity, over one year, and therefore carried at amortized cost in the accompanying financial statements.
- Cash Equivalents and Short-term investments consist primarily of U.S. Treasury Bills and/or high-grade discounted commercial paper with original maturities greater than three months and less than one year and an Institutional Prime Money Market fund. The Plan has determined that its short-term investments will be held to maturity and therefore carried at amortized cost in the accompanying financial statements.

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

Investment income was from the following sources in 2009:

Cash, Cash Equivalents and Short-Term Investments	\$106,083
Long-term bond – U.S. Treasury Note	<u>10,610</u>
Totals	\$116,693

Investment Income due and accrued was \$6,097 and \$152,254 for the year-ended December 31, 2009 and 2008, respectively. Investment market factors for short-term, high grade instruments (U.S. Treasury Bills and Prime Money Market Fund) have resulted in a significant reduction in investment income in 2009 from 2008.

8. Derivative Instruments

None.

9. Income Taxes

A. The components of the net deferred tax asset recognized at December 31, 2009 and 2008, respectively are as follows:

Year Ended December 31	<u>2009</u>	<u>2008</u>
Total of all deferred tax assets	\$409,000	\$454,000
Total of all deferred tax liabilities	0	0
Total Net Deferred tax asset	409,000	454,000
Total Deferred tax asset non admitted	409,000	454,000
Total Deferred tax asset admitted	0	0
Change in non admitted deferred tax asset	(45,000)	51,000

B. There are no unrecognized deferred tax liabilities.

C. The provision for taxes on income consisted of the following:

Year Ended December 31,	<u>2009</u>	<u>2008</u>
<hr/>		
Current	\$3,855,000	\$2,914,000
Change in Deferred tax asset	45,000	(51,000)
<hr/>		
Taxes on Income	\$3,900,000	\$2,863,000
<hr/>		

Notes to Financial Statements

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes - the major components are as follow:

Deferred Tax Asset:		
	2009	2008
Network Development List	\$158,000	\$186,000
Discounted Unpaid Losses	178,000	159,000
Improvements & Equipment	54,000	65,000
Related Party Payable	19,000	44,000
Total Deferred Tax Asset	\$409,000	\$454,000
Deferred Tax Liability:		
Related Party Payable	\$0	\$0
Total Deferred Tax Liability	\$0	\$0

- D. There were no significant book to tax adjustments in 2009
- E. 1. The Company had no operating loss carry forwards.

2. The amount of federal income taxes incurred in 2009 and 2008 that will be available for recoupment in the event of future net losses is \$3,900,000 and \$2,914,000, respectively.
- F. The Company's Federal Income Tax return is not consolidated with any other entities.

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

Year Ended December 31,	2009	2008
<hr/>		
Income taxes	\$3,050,000	\$2,850,000
<hr/>		

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective December 31, 2008, the Plan terminated an agreement with Midwest Health Center, P.C. (Center), an entity related through common ownership, whereby the Center provided facilities and staffing services, which amounted to \$840,000 in 2008. In addition, the Plan terminated its agreement with the Center for information system services, which amounted to \$770,865 in 2008. In 2009 the Plan leased office space from an unrelated entity.

Under a primary site/plan agreement with Rick Poston, DO PC, the Plan is responsible for making payments for provider services based on enrolled members. For the years ended December 31, 2009 and 2008 total expense for provider services to this affiliate was \$296,911 and \$266,545 respectively. Under primary site/plan agreements with the Center, Brookside Health Center, PC, Midwest – Livonia, PC, which terminated December 31, 2008, total incurred expenses for provider services were \$3,745,205 in 2008.

Total Amounts due to affiliates were \$48,486 and \$111,024 at December 31, 2009 and 2008, respectively.

The Plan has an operating lease agreement with SPS Woodbridge, LLC. The net rent expense with affiliates was \$553,486 and \$526,380 for the years December 31, 2009 and 2008, respectively. Effective January 1, 2009, the Plan's lease with SPS Woodbridge, LLC was amended for reduced premises and the term extended until December 31, 2013. The sub-lease with Midwest-Woodbridge Health Center, P.C., which reduced rent expense by \$70,000, was terminated on December 31, 2008.

The Plan has an Affiliate Services Agreement with Midwest Health AKM, Inc. For the years ended December 31, 2009 and 2008 respectively the Plan recognized: Other revenue of \$240,000 and \$500,000, allocated expenses of \$180,000 and \$210,000 that results in a \$60,000 and \$290,000 profit for the year.

11. Debt

None

12. Employee Benefit Plan

- A. Defined Benefit Plan - None
- B. Defined Contribution Plan - The Plan maintains a 401(k) plan for its employees. All employees are eligible to participate in the 401(k) plan after completion of age and service requirements. The Plan makes matching contributions to the 401(k) plan up to four percent or eligible compensation. Contributions, net of forfeitures, made to the 401(k) plan by the Plan for the years ended December 31, 2009 and 2008 were approximately \$117,579 and \$117,311, respectively. The fair value of plan assets was \$2,523,540 and \$1,896,562 at December 31, 2009 and 2008 respectively.
- C. Multiemployer Plans – None
- D. Consolidated/Holding Company Plans – None
- E. Post employment Benefits and Compensated Absences – None
- F. Impact of Medicare Modernization Act on Postretirement Benefits – None – The Plan does not sponsor a group health plan for retirees.

Notes to Financial Statements

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- The Plan has 60,000 shares authorized, 8,465 issued and outstanding at a par value of \$ 22 as of December 31, 2009.
- The Plan has no preferred stock.
- Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Michigan, and to an amount based on restrictions relating to statutory surplus.
- The Plan did not declare nor pay a dividend in 2009
- Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- There are no Surplus Notes.
- There is no stock held by the Plan for special purposes (conversion, employee stock options or purchase warrants).
- There are no Unassigned funds
- There are no Surplus Notes

On March 9, 2005, Midwest – HC, Inc., the parent corporation of Midwest Health Plan, Inc agreed to merge together. . Midwest Health Plan, Inc then transferred approximately 87% of its common stock to a limited liability company that is owned and controlled by transferring shareholders. Each stockholder has an indirect ownership, via the limited liability company, in Midwest Health Plan, Inc in the same percentage. As a result of this merger, the Plan retired 10,000 shares of its common stock and issued 8,465 of new shares of common stock. Thus Midwest Health Plan, Inc. reported in the 1st Quarter 2006, the common stock value change to \$186,230, with \$33,770 transferred to Additional paid-in-capital.

14. Commitments and Contingencies

The Plan has a commitment to lease its primary office space from a non-related party, upon the completion of the building. The building is expected to be completed and ready for occupancy in late 2010. The lease will commence on the Substantial Completion Date, for which the requirements have not occurred as of December 31, 2009. The annual rental expense is expected to be less than current amount (\$840,000) incurred for primary office space.

15. Leases

The Plan leases its primary office space under an operating lease agreement with an unrelated entity effective January 1, 2009. Rental expense was \$840,000 in 2009. In addition, the Plan leases office space under an operating lease agreement with SPS Woodbridge, LLC, and a related party, which terminates on December 31, 2013. Rental expense, net of sub-leases, was approximately \$489,000 and \$487,000 for 2009 and 2008, respectively. The sublease rentals, with affiliates and non-affiliates, were approximately \$65,000 and \$109,000 for 2009 and 2008, respectively. At January 1, 2009, the minimum aggregate rental commitments are as follows:

- 2010 \$311,000
- 2011 \$311,000
- 2012 \$311,000
- 2013 \$311,000

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

None.

17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

None.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

- A. – ASO Plans** - None
- B. – ASC Plans** - None
- C. – Medicare or Other Similarly Structured Cost Based Reimbursement Contract** - None

19. Direct Premium Written/Produced by Managing General Third Agents/Third Party Administrators

None.

20. Other Items

None.

21. Events Subsequent

None.

22. Reinsurance

The Plan has a reinsurance agreement with Reliastar Life Insurance Company, NAIC #67105, Federal tax ID #41-0451140, a non-affiliated U.S. company. The deductible rate for institutional services is \$140,000 for covered Medicaid members and \$120,000 for covered Medicare members with a co-payment of 10%, except for non-approved transplants in 2009. Reinsurance ceded was \$555,979 and \$610,895 for 2009 and 2008, respectively. The maximum reinsurance per member is \$1,000,000 per year and \$2,000,000 per lifetime. The agreement is non-cancelable other than for failure to pay premiums. For the 2009 policy year, the Plan has an estimated receivable of \$124,637 on paid claims and \$125,363 on unpaid claims as of December 31, 2009.

Notes to Financial Statements

The company does not have assumed uncollectible or retroactive reinsurance.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination.

None.

24. Change in Incurred Claims and Claims Adjustment Expenses

A certified actuary has opined upon the estimated reserve for claims incurred but not reported. Although management believes that the provision for unpaid claims is adequate, it is not known until the ultimate settlement of these liabilities. Any future adjustments to these amounts will affect the reported results of future periods. In addition, t he Plan recognized claim adjustment expenses based on an actuarial determined amount. Claim adjustment expenses for the years ended December 31, 2009 and 2008 for the Plan were approximately \$2,827,028 and \$2,957,354 as specified by SSAP No. 55, Unpaid Claims, Losses and Loss Adjustment Expenses which was adopted by the State of Michigan Division of Insurance for implementation beginning with the year ended December 31, 2002 reporting requirements.

25. Intercompany Pooling Arrangements

None

26. Structured Settlements

None

27. Health Care Receivables - Admitted

- A. **Pharmaceutical/Rebates Receivable** – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is derminable.

Quarter	Estimated Receivable	Confirmed Receivable	Received within 90 days	Received within 91 -180 days	Received over 180 days
12/31/09	489,393	489,393	489,393		
9/30/09	190,271	190,271	190,271		
6/30/09	198,502	198,502	198,502		
3/31/09	229,920	229,920	229,920		
12/31/08	543,210	543,210	543,210		
9/30/08	288,262	288,262	288,262		
6/30/08	365,117	365,117	365,117		
3/31/08	370,044	370,044	370,044		
12/31/07	225,321	225,321	225,321		
9/30/07	366,343	366,343	366,343		
6/30/07	577,875	577,875	577,875		
3/31/07	90,000	216,661	216,661		

B. Risk Sharing Receivable

The Plan’s contract with capitated providers that have 250 or more assigned members are subject to risk sharing. Any provider with a deficit balance owes 25% of that balance, up to a maximum of two month’s capitation, to the Plan. The Plan has a final settlement with Providers 18 months after the beginning of the respective contract year. For 2009, the Plan has agreed to waive any Risk Share Receivable and accordingly rebased its capitation payment and referral pool funding for 2010. The Plan had a total Risk Share receivable of \$237,395 as of December 31, 2008, which was collected in 2009.

28. Participating Policies

None

29. Premium Deficiency Reserves

None

30. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/28/2008
- 3.4 By what department or departments?
Department of Energy, Labor & Economic Growth (DELEG) , Office of Financial & Insurance Regulation (OFIR)
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[] No[] N/A[X]
Yes[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BDO Seidman, LLP, 755 West Big Beaver, Suite 1900 Troy, Michigan 48084-0178
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael Sturm, Milliman USA, 15800 Blue Mound Road, Suite 400, Brookfield, Wisconsin 53005-6069, Consulting Contract
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved

0
- 11.13 Total book/adjusted carrying value

\$ 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[] N/A[X]
Yes[] No[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

GENERAL INTERROGATORIES (Continued)

- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]

13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
- BOARD OF DIRECTORS
14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]
- FINANCIAL
17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$ 0

18.12 To stockholders not officers

\$ 0

18.13 Trustees, supreme or grand (Fraternal only)

\$ 0

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$ 0

18.22 To stockholders not officers

\$ 0

18.23 Trustees, supreme or grand (Fraternal only)

\$ 0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$ 0

19.22 Borrowed from others

\$ 0

19.23 Leased from others

\$ 0

19.24 Other

\$ 0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$ 0

20.22 Amount paid as expenses

\$ 0

20.23 Other amounts paid

\$ 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[] No[X]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 0
- INVESTMENT
- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes[X] No[]

22.2 If no, give full and complete information, relating thereto:

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 16 where this information is also provided)

22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[] No[] N/A[X]

22.5 If answer to 22.4 is YES, report amount of collateral

\$ 0

22.6 If answer to 22.4 is NO, report amount of collateral

\$ 0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3).

Yes[X] No[]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements

\$ 0

23.22 Subject to reverse repurchase agreements

\$ 0

23.23 Subject to dollar repurchase agreements

\$ 0

23.24 Subject to reverse dollar repurchase agreements

\$ 0

23.25 Pledged as collateral

\$ 0

23.26 Placed under option agreements

\$ 0

23.27 Letter stock or securities restricted as to sale

\$ 0

23.28 On deposit with state or other regulatory body

\$ 1,012,209

23.29 Other

\$ 0

23.3 For category (23.27) provide the following:
- | 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | |
- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

26.1

GENERAL INTERROGATORIES (Continued)

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes☒ No☐

1 Name of Custodian(s)	2 Custodian's Address
Bank of America, N.A. Wealth Management Group	2600 West Big Beaver Road, Troy, MI 48084

- 26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?
- 26.04 If yes, give full and complete information relating thereto:
- Yes☐ No☒

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

- 26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 27.2 If yes, complete the following schedule:
- Yes☐ No☒

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 Total

- 27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	44,078,893	44,078,893	.....
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals	44,078,893	44,078,893	.....

- 28.4 Describe the sources or methods utilized in determining the fair values
- Nature of Investments: U.S. Treasury Note and U.S. Treasury Bills with stated interest rate and Money Market Fund

- 29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
- 29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- Yes☒ No☐
- Yes☐ No☒ N/A☐

- 30.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- 30.2 If no, list exceptions:
- Yes☐ No☒

GENERAL INTERROGATORIES (Continued)
OTHER

31.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 82,232
31.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans .....	..... 45,000

32.1 Amount of payments for legal expenses, if any? \$..... 82,210
32.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Honigman, Miller, Schwartz and Cohn .....	..... 48,071

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0
33.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ 0

1.62 Total incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ 0

1.65 Total incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ 0

1.72 Total incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ 0

1.75 Total incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	227,019,651	200,503,827
2.2	Premium Denominator	227,019,651	200,503,827
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	22,745,365	20,787,432
2.5	Reserve Denominator	22,745,365	20,787,432
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 226,000

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Midwest Health Plan has agreements with its Primary Care providers to continue services until enrollee is re-assigned by Medicaid.

7.1 Does the reporting entity set up its claim liability for provider services on a service date base?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 906

8.2 Number of providers at end of reporting year

..... 999

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 3,077,614

10.22 Amount actually paid for year bonuses

\$ 2,813,225

10.23 Maximum amount payable withholds

\$ 2,507,692

10.24 Amount actually paid for year withholds

\$ 476,546

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ 12,790,400

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Livingston, Macomb, Oakland, St. Claire, Washtenaw, Wayne
Counties

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ 0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ 0

FIVE-YEAR HISTORICAL DATA

	1 2009	2 2008	3 2007	4 2006	5 2005
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 26)	71,884,532	62,788,614	54,545,661	46,259,391	41,530,686
2. TOTAL Liabilities (Page 3, Line 22)	25,895,358	23,985,937	20,688,735	16,890,803	17,950,501
3. Statutory surplus	12,790,400	11,377,286	10,678,974	8,340,874	8,207,410
4. TOTAL Capital and Surplus (Page 3, Line 31)	45,989,174	38,802,677	33,856,926	29,368,588	23,580,185
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	223,384,669	189,619,327	165,777,219	121,367,001	117,777,219
6. TOTAL Medical and Hospital Expenses (Line 18)	186,490,777	167,136,879	148,845,887	103,365,624	101,412,159
7. Claims adjustment expenses (Line 20)	2,827,028	2,957,354	2,848,723	2,530,102	2,438,338
8. TOTAL Administrative Expenses (Line 21)	23,223,159	12,794,307	9,891,187	8,609,259	8,026,450
9. Net underwriting gain (loss) (Line 24)	10,843,704	6,730,787	4,191,422	6,862,016	5,900,272
10. Net investment gain (loss) (Line 27)	116,693	1,356,439	2,610,558	2,204,203	1,242,035
11. TOTAL Other Income (Lines 28 plus 29)					1,498,459
12. Net income or (loss) (Line 32)	7,060,397	5,224,225	4,372,980	6,009,219	5,704,094
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	8,150,854	9,115,981	9,064,554	5,722,391	3,623,353
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	45,989,174	38,802,677	33,856,926	29,368,589	23,580,185
15. Authorized control level risk-based capital	6,395,200	5,688,643	5,339,487	4,170,437	4,103,705
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	69,642	64,542	64,487	59,381	55,700
17. TOTAL Members Months (Column 6, Line 7)	802,338	774,121	763,807	687,543	671,912
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	82.1	83.4	84.5	80.3	81.2
20. Cost containment expenses					
21. Other claims adjustment expenses	1.2	1.5	1.6	2.0	2.0
22. TOTAL Underwriting Deductions (Line 23)	93.6	91.2	91.7	89.0	89.6
23. TOTAL Underwriting Gain (Loss) (Line 24)	4.8	3.4	2.4	5.3	4.7
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	15,900,698	18,642,022	10,713,378	11,410,679	11,728,237
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	20,006,827	18,380,747	12,671,643	14,874,949	16,564,330
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L		4,507,145	223,068,485				227,575,630	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X		4,507,145	223,068,485				227,575,630	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 1		4,507,145	223,068,485				227,575,630	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

1) Rick Poston, Owns 27.45% of Stock

2) Jack Shaprio, Owns 27.45% of Stock

3)Mark Saffer, Owns 18.67% of Stock

|
|
RJM Company, LLC
(20-2811451)

|
|
Farid Jano, Owns 13.73% of Stock

|
|
Midwest Health Plan, Inc.
(38-3123777)

38

Related Parties:

Midwest Health
Center, PC
(38-2342286)
(Affiliate)

SPS Woodbridge,
LLC
(38-3443779)
(Affiliate)

Rick A. Poston, DO, PC
(38-2243830)
(Affiliate)

Carpenter Medical
Associates, PC
(38-2576638)
(Affiliate)

|
|
Midwest Health AKM, Inc.
(20-0262421)
Subsidiary of
Midwest Health Center, PC

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